



## State of Idaho

### Division of Occupational and Professional Licenses Real Estate Commission

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Dear Designated Broker:

The Commission is sending this letter to all active status Designated Brokers to share some important information regarding upcoming changes to the current policy for administering disciplinary action and Civil Penalty (CP) fines and for Late Continuing Education (LCE) and Late Errors & Omissions (LEO) insurance violations. Changes to the policy have been approved by the Commissioners and **will take effect July 1, 2023**, for licensees beginning with the July 2023 CE and E&O insurance audits. Licensees whose audit date is prior to July of 2023 will fall under the previous audit policy, even if the audit is not completed until after July 1, 2023.

There has been much discussion at the Commission concerning different approaches to effectively increase licensee compliance with license law requirements we believe more can be done to increase compliance and simplify the process for both licensees and staff. These changes will also increase the timeliness of the audit procedure. The changes to the audit policy are outlined as follows:

#### **Updated Discipline Matrix**

Under the previous policy, LCE and LEO violations were calculated with a scaled CP fine matrix that was based on the type and number of previous violations. For LCE violations, the fine amount was doubled with any prior violations. For LEO violations, the fine amount was exponentially increased with each subsequent violation. LCE and LEO violations were handled separately and did not count toward the calculation of previous violations unless it was like kind. The fine matrix has been simplified and a flat fine amount has been established.

#### **Rolling Three Year Lookback Period**

The previous policy considered all LCE and LEO violations separately and all violations were considered in the discipline calculation, regardless of the age of the disciplinary action. The new policy combines LCE and LEO violations into a single pool for determining if there are any previous violations based on a rolling three year period. As with the previous policy, the first and second violations will be handled primarily through form stipulation. Licensees with a third violation will be transferred to the Investigations Department for individual handling.

#### **Educational Focus**

The Commission is developing a new Commission-developed discipline class to educate licensees who are subject to discipline. The course will focus on how to avoid the most basic and

easily preventable license violations. This change will require licensees to invest *time* rather than *money*. Discussions with licensees regarding their previous violations has made it clear that time and reputation matter more to them than any civil penalty fine. The new class will be taught by Commission Staff and offered on a regular basis with options to attend live or via Zoom.

The new discipline class will be focused on several key areas using case studies, real life examples from the industry, and practical tips for how to avoid future violations. The topics for the course include:

- **Continuing Education Requirements**
  - How to identify when your licensing period ends and begins
  - A review of the education record
  - An overview of various license statuses and how they affect CE requirements
  - An explanation of the CE audit process
  - Case studies focused on why CE is important to licensees
- **Errors & Omissions Insurance Requirements**
  - An introduction to E&O insurance and the various types available
  - An overview of the E&O insurance requirements
  - A review of how to check a licensee's record for proof of insurance and an explanation of how to submit proof of insurance to the Commission if it is not visible
  - An explanation of the E&O insurance audit process
  - Case studies focused on why E&O insurance is important to licensees
- **Advertising Requirements**
  - A review of the laws, rules, and guidelines applicable to advertising
  - Activities requiring licensees to identify compliant and noncompliant advertising
  - Practice correcting noncompliant advertising during class
  - Case studies focused on why appropriate and compliant advertising is important to licensees
- **Risk Reduction**
  - A review of the requirement to maintain current contact information with the Commission
  - Practice updating contact information in the Commission's Online Services
  - Practice setting reminders for Commission deadlines
  - Documentation tracking
  - Final wrap up with case studies to reinforce the concepts discussed

## New Discipline Structure for LCE and LEO Violations

Number of Violations	Disciplinary Action Prescribed
First Offense	Must complete the new discipline class
Second Offense	Must complete the new discipline class + pay a \$250 CP fine
Third Offense	Escalate to Investigations Department

We'd like to invite you to join us for a pilot of the new discipline class on Friday, March 17 at the State of Idaho Chinden Campus Conference Center located at 11351 W. Chinden Blvd, Bldg 6, Boise, ID 83714 (near the new DOPL location).

Although there is no cost to attend the pilot, advance registration is required and must be completed prior to **March 10**. Check-in for the class will begin at 12:30 pm and the class will start at 1 pm Mountain Time and run until approximately 5 pm. To sign up for the class, please visit <https://forms.gle/nQgF2ULnaCkZ74tq8>. No CE credit will be granted for attending the course.

We hope that you will join us for the discipline class pilot. Please contact Commission Staff at 208-334-3285 with any questions you have regarding these changes.

Sincerely,



Kim Cooper, Chair